

2021 Annual Report. Year in review.

Enriching lives because we care.

Message from the President.



Wayne N. Grosse

Last year, Bethpage celebrated a milestone anniversary – 80 years of service for our members. What started as a 114-member credit union for Grumman employees has grown into one of the largest credit unions in the nation. By staying true to our goal of meeting the changing needs of members through personal service and value over these 80 years, Bethpage has set itself apart as a trusted financial institution not just on Long Island but nationwide.

While 2021 did not free us from the Covid-19 pandemic, we were able to adapt to meet our members in convenient ways where they felt most comfortable – 24/7 using Bethpage Online and Mobile Banking, drive-up and inside tellers at a local branch, or by scheduling an in-branch, phone, or virtual appointment. The unwavering support of our membership and the dedication of the Bethpage Team continue to allow us to emerge from the pandemic together, more agile than ever before.

With great rates and low fees, our goal is to help our members realize their dreams of a better life. Last year was significant for Bethpage in terms of growth and development. We added over 36,000 new members and grew by \$887 million in deposits. We provided more than \$2 billion in residential mortgages and \$1 billion in consumer loans.

We are proud of Bethpage's prestigious awards earned as a financial institution and an employer in 2021. We were on Forbes list of America's Best-In-State Credit Unions, Top Ranked Home Equity Loan provider by Consumers Advocate, a Bankrate Best Credit Union, and Money Magazine named us one of the five best credit unions of 2021-2022 for Best Mobile App. We were also recognized as the 5th Best Company to Work for in New York and named one of Glassdoor's Best Places to Work.

These awards are a testament to our employees' hard work and dedication to improving and enhancing the employee and member experiences.

As we look towards the future, Bethpage remains committed to enriching the lives of our members, employees, and those in the communities we serve. We are motivated to make the next 80 years even more successful than the first.

Thank you for your support. We look forward to helping you realize your financial goals in 2022 and beyond.

Sincerely,

Wayne N. Grosse
President and CEO

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The unwavering support of our membership and the dedication of the Bethpage Team continue to allow us to emerge from the pandemic together, more agile than ever before.

Message from the Chair.



A white, stylized handwritten signature of Vincent Scicchitano on a dark teal background.

An integral part of Bethpage Federal Credit Union's vision is to enrich lives in the communities we serve. Now in its 20th year, The Bethpage Cares program provided nearly \$2 million in financial support to the community in 2021. We provided grants to 57 charitable and community organizations focused on education, housing, family services, food insecurity, all of which support our commitment to diversity, equity, and inclusion. Bethpage made a difference in the lives of others by supporting nonprofit partners that include The United Way of Long Island, Family Service League, Safe Center, The Inn, EAC Network, CDCLI, and Mentor New York.

Over the last 18 years, the Bethpage Air Show at Jones Beach has become one of the largest and most highly anticipated events on Long Island. The high-flying stunts and aerial maneuvers of the U.S. Air Force Thunderbirds and many other incredible performers never fail to dazzle and delight! In 2021, 61,000 people gathered in person while others from around the world livestreamed the official kick-off to summer, honoring the men and women who made the ultimate sacrifice on our nation's behalf. We cannot wait to see what the Air Show has in store for attendees this year.

In addition to the Air Show, our Volunteer Income Tax Assistance (VITA) program celebrated its 18th year in 2021. The largest program of its kind on Long Island, offering free income tax preparation services to families with low to moderate incomes. We provided an entirely virtual program to assist 776 members, bringing over \$1.2 million in tax refunds back to Long Island families and our local economy. Since Bethpage's involvement with the VITA tax program, we have completed 23,701 returns in the last 18 years, with more than \$27.7 million invested back into the community.

Another great accomplishment in 2021 was our continued partnership with Island Harvest, which helped fulfill their mission of ending hunger on Long Island through our 13th annual Bethpage Turkey Drive. Despite the ongoing pandemic, our community came together and showed generosity more incredible than ever before. We broke all previous records by collecting 2,381 frozen turkeys and over 11,000 pounds of non-perishables, distributed to those in need in time for the holiday season. In addition, we raised \$26,000 through day-of and online donations.

In 2021, Bethpage continued our partnership with Northwell Health as the Presenting Sponsor of the Northwell Health Walk: Hometown Edition, which had over 1,000 participants and raised \$650,000 for local hospitals and initiatives. We also collaborated with the Northwell Health Cancer Institute to launch a brand new quarterly webinar series dedicated to providing financial education resources to cancer survivors, their families, and their caregivers.

The Bethpage Difference Makers program continues to grow, empowering young people to come together and become more involved by linking their passions with the needs of local communities. Difference Makers invests in our children with empowerment grants to be used for special projects to make positive change in the areas we serve.

This year, we expanded our financial education initiative to focus on fraud prevention. Bethpage published educational content and hosted a series of virtual seminars that highlighted ways members can protect themselves from the rising cases of fraud and scams. We now offer virtual credit counseling to our members, by appointment, to assist with their financial wellness goals.

On behalf of our board of directors, leadership team, and entire staff, thank you for being our member. We look forward to having another fulfilling year of serving you and our communities.

Sincerely,

Vincent Scicchitano
Chair of the Board

Consolidated Statements of Financial Condition

December 31, 2021 and 2020 (dollars in thousands)

| | 2021 | 2020 |
|--|---------------------|---------------------|
| Assets | | |
| Cash and cash equivalents | \$67,141 | \$73,223 |
| Mutual fund, at fair value | 340,004 | 400,004 |
| Investments: | | |
| Available-for-sale, at fair value | 3,955,578 | 3,137,644 |
| Other | 53,585 | 43,168 |
| Loans held for sale | 118,003 | 157,660 |
| Loans receivable, net | 6,610,300 | 6,242,904 |
| Accrued interest receivable | 29,508 | 28,562 |
| Servicing rights, net | 35,130 | 28,810 |
| Property and equipment, net | 60,475 | 59,912 |
| Goodwill | 56,788 | 56,788 |
| Other intangibles and core deposit | 19,366 | 19,544 |
| National Credit Union Share Insurance Fund deposit | 88,452 | 81,271 |
| Foreclosed and repossessed assets | 1,627 | 1,863 |
| Other assets | 38,402 | 51,141 |
| Total assets | \$11,474,359 | \$10,382,494 |
| Liabilities and Members' Equity | | |
| Liabilities | | |
| Members' shares | \$10,071,424 | \$9,184,081 |
| Borrowed funds | 270,200 | 140,200 |
| Accrued expenses and other liabilities | 140,559 | 176,715 |
| Total liabilities | \$10,482,183 | \$9,500,996 |
| Members' Equity | | |
| Retained earnings | \$1,020,099 | \$843,550 |
| Equity acquired in merger | 5,304 | 5,304 |
| Accumulated other comprehensive (loss) income | (33,227) | 32,644 |
| Total members' equity | \$992,176 | \$881,498 |
| Total liabilities and members' equity | \$11,474,359 | \$10,382,494 |

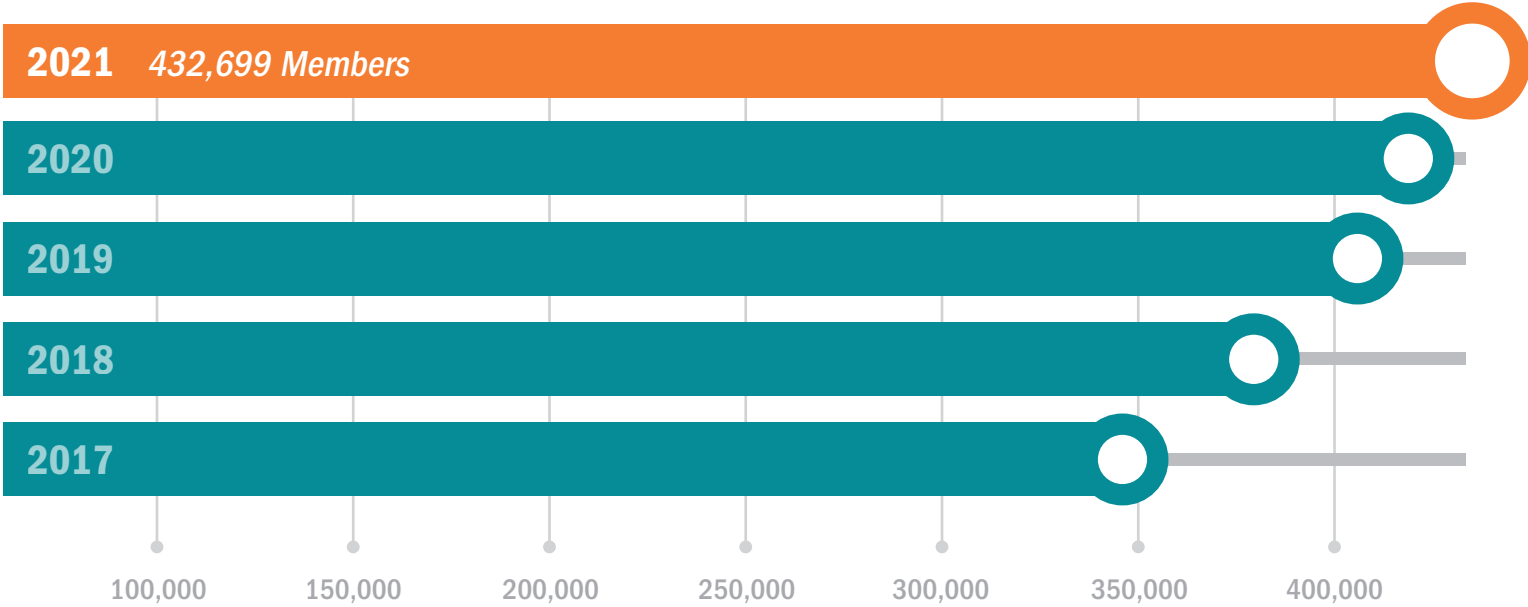
Consolidated Statements of Income

Years ended December 31, 2021 and 2020 (dollars in thousands)

| | 2021 | 2020 |
|---|------------------|------------------|
| Interest Income | | |
| Interest and fees on loans receivable | \$227,184 | \$244,433 |
| Interest and dividends on mutual fund, investments, and cash equivalents | 56,639 | 58,424 |
| Total interest income | \$283,823 | \$302,857 |
| Interest Expense | | |
| Dividends on members' shares | \$48,909 | \$80,465 |
| Interest on borrowed funds | 924 | 2,090 |
| Total interest expense | \$49,833 | \$82,555 |
| Net interest income | 233,990 | 220,302 |
| (Recapture of) Provision for loan losses | (14,320) | 58,155 |
| Net interest income after (recapture of) provision for loan losses | \$248,310 | \$162,147 |
| Non-interest Income | | |
| Gain on sale of mortgage loans | 53,348 | 51,449 |
| Members' shares service charges and other fees | 29,584 | 23,424 |
| Mortgage servicing and loan fees | 16,185 | 5,028 |
| Investment services and insurance fees - commissions | 9,860 | 7,857 |
| Other non-interest income (loss) | 7,437 | (158) |
| Total non-interest income | \$116,414 | \$87,600 |
| Non-interest Expenses | | |
| Salaries and benefits | 80,788 | 71,967 |
| Operations | 48,504 | 62,690 |
| Data Processing | 29,948 | 27,711 |
| Occupancy | 12,059 | 11,737 |
| Education and promotional | 10,591 | 6,717 |
| Professional Services | 6,285 | 5,759 |
| Total non-interest expenses | \$188,175 | \$186,581 |
| Net income | \$176,549 | \$63,166 |

Membership Growth & Total Loans, Shares & Assets

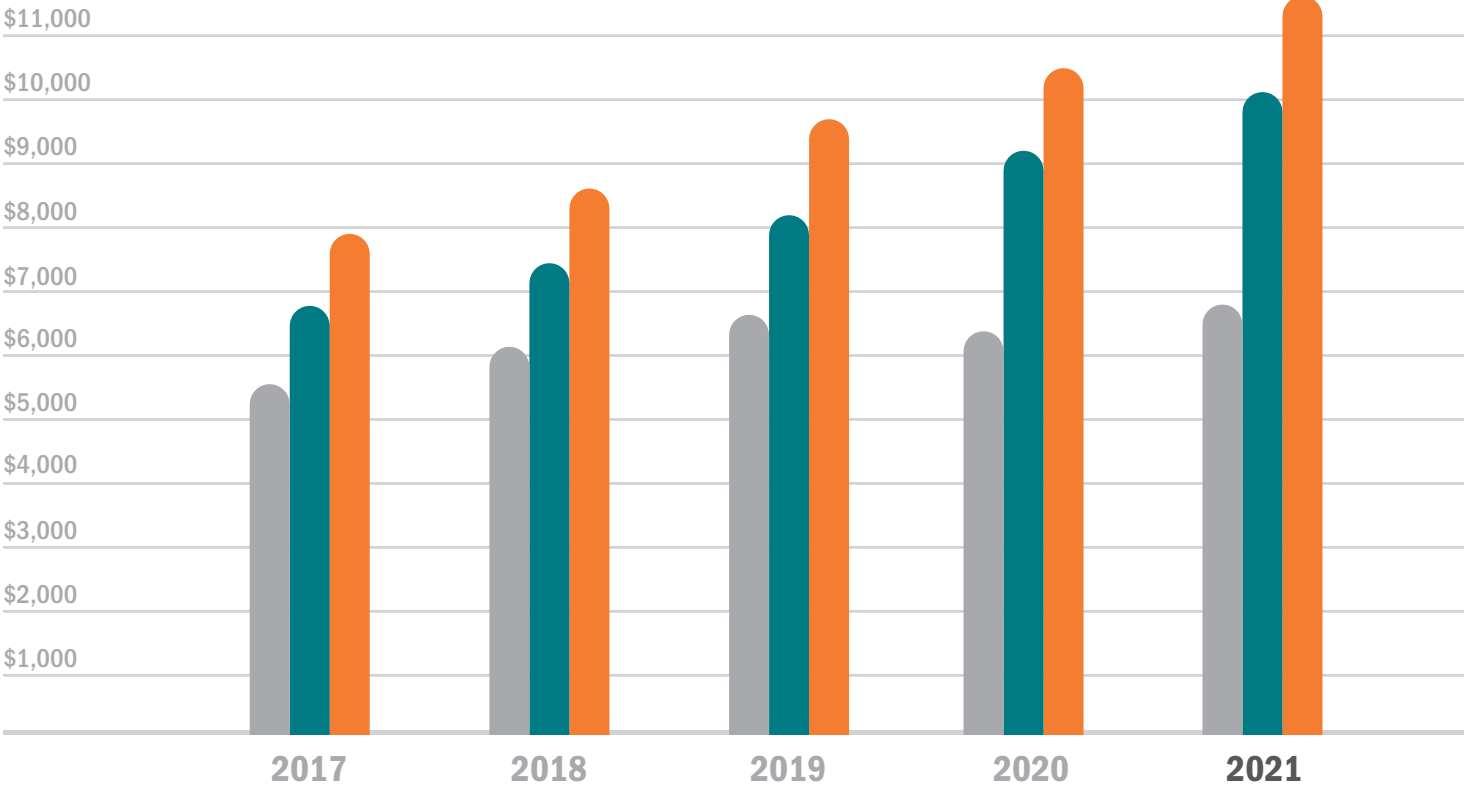
Membership Growth



Total Loans, Shares & Assets

As of December 31, dollar amount in millions

Loans Shares Assets



Supervisory Committee's Report

The Supervisory Committee (the "Committee") is currently comprised of four independent volunteers who act as member representatives and are primarily responsible for ensuring that the Board of Directors and Management of Bethpage Federal Credit Union ("Bethpage") meet required financial reporting objectives and establish practices and procedures sufficient to safeguard members' assets, in accordance with the Federal Credit Union Act. The Committee is fully committed to you, the members of Bethpage.

In this regard, the Committee meets at least quarterly with the Internal Audit Department and Executive Management to review, among other things, internal and external audit services, internal controls and risk management processes, and examinations by regulatory agencies. The Committee tracks the progression of any action items noted in audit reports to ensure that management has properly addressed the issues.

The Committee also appoints the independent auditor and oversees the annual audit, attends the monthly meetings of the Board of Directors, monitors the financial reporting of management, reviews Information Security reports, and monitors and works to resolve concerns of the members.

In 2021, the Committee retained public accounting firm Moss Adams LLP to conduct the annual audit of Bethpage's financial statements, in conformity with federal regulations, for the 12 months ending December 31. In addition, the National Credit Union Administration ("NCUA") evaluated Bethpage's financial condition, safety, soundness, and areas of regulatory compliance.

Based on the results of both the Independent Auditor's Report and the Examination Report of the NCUA, it is the opinion of your Supervisory Committee that Bethpage continues to be financially strong and well managed, with sound policies and programs, reflecting those of a trusted financial institution. The 2021 audited financial statements for Bethpage can be found on our website.

Lawrence J. Waldman
Supervisory Committee Chair

“
...Bethpage continues to be financially strong and well-managed.”

Volunteers

Board of Directors

Vincent Scicchitano, Chair
Anne N. Brigis, Vice Chair
Gregg Nevola, Secretary
Adam Silvers, Treasurer
Don Balducci
Philip Gandolfo
Marie Ann Hoenings

Supervisory Committee

Lawrence Waldman, Chair
Sallyanne K. Ballweg, Secretary
Richard Cooke
John Scano

Executive Team

Wayne N. Grossé
President &
Chief Executive Officer

Brian Clarke
Executive Vice President
& Chief Financial Officer

Scott Gyllensten
Chief Risk Officer

Lynda Nicolino
Chief Legal Counsel

Doug O'Neill
Chief Human Resources Officer

Linda Armyn
Senior Vice President,
Corporate Affairs

Emilio Cooper
Senior Vice President,
Retail Banking

Melissa Feeney
Senior Vice President,
Human Resources

Musadiq Hassanali
Senior Vice President,
Technology

Lawrence Jones
Senior Vice President, Lending

David Bogdanski
Vice President, Internal Audit

Brian Buggé
Vice President,
Accounting & Finance

Robert Fish
Vice President,
Commercial Lending

Cania Infante
Vice President, Marketing

Diane Krieger
Vice President,
Organizational
Development/HCMS

Tara Labriola
Vice President, Retail Banking

Robert Lund
Vice President,
Residential Mortgage Lending

Linda Siblano
Vice President, Compliance Officer

Karen Sweeney
Vice President,
Member Experience

Larry Trivigno
Vice President,
Business &
Community Development

John Witterschein
Vice President, Consumer Credit

Bethpage Branches



Bethpage Main Office: 899 South Oyster Bay Road, Bethpage, NY 11714

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*Membership requires a \$5 minimum share account.

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